

Old Age, Disability, Death

First law: 1953 (pension provisions first implemented in 1969).
Current law: 1996 (mandatory private insurance, implemented in April 1998).

Type of program: Social insurance system and mandatory private insurance.

Exchange rate: U.S.\$1.00 equals 8.77 colones.

Note: The 1996 law established a new private insurance system (private system) while eventually phasing out the old social insurance system (public system).

Coverage

Public system-At the time of implementation of the 1996 law, all insured who were over age 55 (men) and 50 (women) had to remain. Those over age 36 but less than 55/50, could voluntarily stay. Closed to new entrants.

Private system-All employees in private, public, and municipal sectors. Transition: Those less than age 36 at the time of implementation of the 1996 law must join; those between age 36 and less than 55/50 (men/women) may voluntarily join.

Source of Funds

Public system: Insured person, 5.5% of earnings (rising .5% every year to 7% by 2002).

Employer: 5.5% of payroll (rising .5% every year to 7% by 2002).

Government: For those individuals who switch to the private system, payment of value of insured's contributions under the public system at retirement.

Private system: Insured person-2% of earnings (rising .5% every year to 3.25% by 2002) plus up to 3% for administrative fees and survivors and disability insurance.

Employer: 5.5% of earnings (rising .5% every year to 6.75% by 2002).

Government: Guarantees minimum pension.

Minimum earnings: legal minimum wage. Ceiling for contribution purposes: gross monthly earnings.

Qualifying Conditions

Public system-Old-age pension: Age 60 (men) and 55 (women) with 25 years of contribution. If 30 years of contribution, no age requirement.

Disability pension: Declared disabled by the Disability Commission, have contributed for at least 36 months 18 of which must have been in the 36 months prior to onset of disability, and be under ages 60/55 (men/women).

Survivor pension: Deceased was old-age or disability pensioner or had 5 years of contributions.

Private system-Old-age pension: Age 60 (men) or 55 (women) with 25 years of contributions or no age requirement with 30 years of contributions. Retirement also permitted if pension equals at least 60% of basic earnings or 160% of current minimum pension.

Disability pension: Declared disabled by the Disability Commission, be contributing at onset of disability in the case of common accident with 6 months of contributions in the 12 prior to onset of disability. Have ten years of contributions, 3 of which must be in the five years prior to date in which first declared disabled.

Survivor pension: Deceased was pensioner or active contributor prior to death.

Old-Age Benefits

Public system-Old-age pension: 30% of base salary (equal to the average of the last 120 months of earnings). Increment of 1.5% for each additional year.

Minimum pension: 700 colones per month.

Maximum pension: 100% of base salary.

Private system-Old-age pension: Insured's contributions plus accrued interest. Value of insured's contributions under the public system provided as indexed bond. At retirement, insured make withdrawals from individual account, regulated to guarantee income, for expected lifespan, or buy annuity from private insurance company, or a combination of the two.

Permanent Disability Benefits

Public system-Disability pension: 30% of base salary (equal to the average of the last 120 months of earnings). Increment of 1.5% for each additional year.

Minimum: 700 colones a month.

Maximum pension: 100% of earnings.

Private system-Disability pension: 70% of base salary for total disability; 50% for partial disability.

Survivor Benefits

Public system-Survivor pension: 50% of pension of insured payable to widow (married at least 6 months prior to death of insured), female companion (cohabiting for the last 3 years prior to death of insured, except if pregnant, has child or is disabled) and disabled widower.

Orphans: 25% of pension to each child or 40% of pension if full orphan. 30% to mother aged 55 and father aged 60 if no other beneficiaries; 40% if only one parent.

Private system-Survivor pension: 60% of pension of insured payable to spouse with no eligible children; 50% if children. 25% to each child. 20% each to father and mother, 30% if only one. If no spouse. If no spouse, child's benefit is increased.

Administrative Organization

Public System: Superintendent of Pensions, general supervision. El Salvadorian Social Insurance Institute, an autonomous agency, responsible for planning, management and administration of program. Supervised by board of twelve directors including the Minister of Labor, representatives of other ministries, the Director of Social Insurance, and representatives of management, labor and other professional groups.

Private system: Superintendent of Pensions, general supervision. Individual pension fund management companies (AFP's), administration of individual capitalization accounts.

Sickness and Maternity

First law: 1949.

Current law: 1953.

Type of program: Social insurance system. Cash and medical benefits.

Coverage

Employed and self-employed persons in industry and commerce and pensioners. Exclusions: Agricultural, domestic, and casual employees.

Source of Funds

Insured person: 3% of earnings. Self-employed, 10.50% of earnings. Pensioners, 7.8% of old-age and disability pensions; 6% of work injury pensions.

Employer: 7.50% of payroll.

Government: Annual subsidy 5,000,000 colones (adjusted every 5 years).

Maximum earnings for contribution and benefit purposes: 6,000 colones a month; minimum, 300 colones a month.

Qualifying Conditions

Cash sickness benefits: No minimum qualifying period for persons currently employed. If unemployed, 8 weeks of contribution during last 3 calendar months preceding application.

Maternity benefits: 12 weeks of contribution during last 12 calendar months before confinement.

Medical benefits: No minimum qualifying period for persons currently employed. If unemployed, 8 weeks of contribution during last 4 months preceding application.

Sickness and Maternity Benefits

Sickness benefit: 75% of average monthly earnings. Payable after 4-day waiting period for up to 52 weeks for the same sickness.

Maternity benefit: 75% of average earnings, payable for up to 12 weeks. Also, free milk for up to 12 weeks with medical prescription and layette.

Workers' Medical Benefits

Medical benefits: Includes complete medical and maternity care, hospitalization, drugs, auxiliary services for diagnosis and treatment, and dental care except for cosmetic reasons.

Dependents' Medical Benefits

Medical benefits for dependents: Wife receives pre- and post-natal care, milk allowance, layette, and medical and dental benefits for sickness and accidents. Children up to age 6 receive ambulatory care and preventative dental care.

Administrative Organization

Salvadorian Social Insurance Institute, an autonomous agency, responsible for planning, management and administration of program. Supervised by board of twelve directors including the Minister of Labor, representatives of other ministries, the Director of Social Insurance, and representatives of management, labor, and other professional groups.

Institute operates own clinics and hospitals; it also contracts services from the Ministry of Health and the private sector where required.

Type of program: Social insurance system.

Coverage

Employed and self-employed persons in industry and commerce and public service.

Exclusions: Domestic and casual employees and teachers.

Source of Funds

Insured person: See sickness insurance contributions above.

Employer: Same.

Government: Same.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: 75% of average monthly earnings received during first 3 of last 4 months. Payable from day after injury, until recovery or award of pension, for up to 52 weeks.

Permanent Disability Benefits

Permanent disability pension: 70% of average monthly earnings during last year if disability greater than 66%. 140 colones a month for each dependent child under age 16 (21 if student) or disabled. Minimum: 700 colones a month.

Child's supplement: up to 50% of pension.

Partial permanent disability: Percent of full pension corresponding to loss of earning capacity, if disability between 35% and 66%; if between 20% and 35%, temporary pension equal to double amount of permanent pension according to percent of disability, payable for up to 3 years.

Workers' Medical Benefits

Medical benefits: Same as for ordinary sickness above.

Survivor Benefits

Survivor pension: 60% of pension to the spouse and 30% for each child, up to a maximum of 100% of the deceased's pension.

Funeral grant: 2 times the average monthly salary.

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Work Injury

First law: 1949.

Current law: 1953.

